

Message Text

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73

ACTION EB-06

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 NEA-06 IO-10 ISO-00

AID-05 INT-05 GSA-01 COME-00 TRSE-00 OPIC-03 OIC-02

CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 NSCE-00 SSO-00

USIE-00 INRE-00 /103 W

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O R 082100Z NOV 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 537

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY TOKYO

AMEMBASSY SAN JOSE

AMEMBASSY ACCRA

USINT ALGIERS

AMEMBASSY ATHENS

AMEMBASSY BAMAKO

AMEMBASSY BELGRADE

AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY CONAKRY

AMEMBASSY FREETOWN

AMEMBASSY JAKARTA

AMEMBASSY PORT OF SPAIN

AMEMBASSY KINGSTON

AMEMBASSY MONROVIA

AMEMBASSY NEWDELHI

AMEMBASSY PARAMARIBO

AMEMBASSY PARIS

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AMEMBASSY PORT AU PRINCE

AMEMBASSY ROME
AMEMBASSY SANTO DOMINGO
AMEMBASSY THE HAGUE
AMEMBASSY YAOUNDE

C O N F I D E N T I A L GEORGETOWN 2002

E.O. 11652: GDS
TAGS: ECIN, EMIN, GY
SUBJECT: FINAL SESSION IBA CONFERENCE - GEORGETOWN (11/7)

REF: GEORGETOWN: (A) 1981, (B) 1988 (C) 1990

BEGIN UNCLASSIFIED.

1. THIRD AND FINAL SESSION CONFERENCE HELD THURSDAY (11/7) LASTED THROUGHOUT ENTIRE DAY AND EVENING. CONFERENCE WAS OFFICIALLY ADJOURNED AT 1:00 A.M. THIS MORNING (11/8). DURING PERIOD GREECE AND INDONESIA ADMITTED AS OBSERVERS. INDONESIA DELS WHO ONLY ARRIVED YESTERDAY (11/7): S. SIGIT, SEC GEN MINES:S. TAMPUBOLAN; AND H. MARTOSUBROTO, BOTH OF MINES MINISTRY.

2. MOST SIGNIFICANT ACHIEVEMENTS OF THIRD SESSION WERE DECISIONS TO APPOINT COMMITTEE STUDY PRICING ARRANGEMENT, AND SIMILARLY COMMITTEE OR WORKING GROUP TO DEVELOP TAXATION POLICY. PRICE COMMITTEE HAS JANUARY 31, 1975 DEADLINE TO SUBMIT ITS REPORT, ALTHOUGH INDIVIDUAL MEMBERS OF PRICE COMMITTEE AND TAX COMMITTEE NOT RPT NOT ANNOUNCED, FORMER TO BE MADE UP OF REPRESENTATIVES FROM EXECUTIVE BOARD MEMBERS STATES AND LATTER FROM IBA MEMBERSHIP AT LARGE AS WELL AS IBA SECRETARIAT.

3. DEPRIME MINISTER CAIRNS OF AUSTRALIA DEPARTED AS SCHEDULED ON 11/7. IN CAREFULLY WORDED STATEMENT TO PRESS HE DESCRIBED CONFERENCE AS "CONSTRUCTIVE, PRACTICAL AND REASONABLE". HE NOTED DETERIORATING TERMS OF TRADE LDC'S HAVE EXPERIENCED SINCE WORLD WAR TWO AND INDICATED TO COUNTERACT THIS TREND THE LDC'S SHOULD "ORGANIZE TO INCREASE THEIR BARGAINING POWER VIS-A-VIS THE MONOPOLISTIC BARGAINING POWER OF THE TRANSWORLD MULTINATIONAL CORPORATIONS ..." ON PRICING ARRANGEMENTS HE SAID "...THE AUSTRALIAN PRICE IS ALREADY HIGHER THAN ANY MINIMUM PRICE THAT WOULD BE ADOPTED BY IBA. CONFIDENTIAL

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THIS (ESTABLISHMENT OF MINIMUM PRICE) IS A MATTER OF FACT, AND WE DONT KNOW THE FACTS YET". CAIRNS WOULD NOT RPT NOT SPECULATE ON JUST WHEN A PRICING ARRANGEMENT MIGHT BE ESTABLISHED. HE NOTED "...MOST SERIOUS PROBLEM THAT ANY COUNTRY OR ASSOCIATION OF COUNTRIES WILL HAVE TO FACE..." IS CHANCE OF DEPRESSION IN DEVELOPED COUNTRIES. CAIRNS HEDGED ON DIRECT QUESTION OF BURNHAM'S CALL FOR BAUXITE UNIT CURRENCY (REF A) BY CALLING IT "...SHORTHAND TERM ..." FOR STABLE REVENUE WHICH TAKES INTO ACCOUNT INFLATION AND

INCREASED PRODUCTIVITY. FINALLY, HE OPENED DOOR FOR CONSIDERABLY
WIDER MEMBERSHIP BY CONCLUDING THAT (QUOTING GOG REPORTER)..."
ANYONE WHO WANTED TO BE MEMBER AND WHO PRODUCES BAUXITE OR PROCESSES
IT WOULD ON THE FACE OF IT BE ENTITLED TO MEMBERSHIP IN IBA, BUT
HE DREW THE LINE AT CONSUMING COUNTRIES WHICH WERE ONLY CONSUMERS
(END QUOTE OF GOG REPORTER).

END UNCLASSIFIED.

4. COMMENT- EXTRAORDINAILY LONG SESSION PROBABLY DUE SIMPLY TO
GUYANA'S DESIRE TO END CONFERENCE BEFORE STATE VISIT PRESIDENT
TOLBERT OF LIBERIA WHICH BEGINS TODAY (11/8). NO RPT NO
INDICATION AS YET ANY STARTLING OR DRAMATIC EVENTS TOOK PLACE AT
LAST SESSION. SIGNIFICANT THAT CAIRNS DEPARTURE MISREPRESENTED
BY GOG PRESS AS RETURN TO URGENT BUSINESS IN CANBERRA. THIS MAY
HAVE BEEN AT CAIRN'S REQUEST TO OBIVATE SPECULATION HIS VISIT TO
U.S. TIED TO IBA MEETING. CAIRN'S STATEMENT IN PARA THREE
REGARDING MEMBERSHIP REQUIREMENTS WOULD LEAVE MEMBERSHIP OPEN TO
VIRTUALLY ANY BAUXITE PRODUCER. WOULD BE ESPECIALLY DIFFICULT
TO JUSTIFY EXCLUSION OF FRANCE AND BRAZIL WHICH ARE NET EXPORTERS.
ONE COMPELLING PROBLEM FOR GUYANA, AND POSSIBLY OTHERS IS RECON-
CILIATION OF BAUXITE LEVY ON EXPATRIATES WITH PRICE ARRANGEMENT.
ONE RATIONALE FOR TAX NOT RPT NOT BASED ON UNPROCESSED BAUXITE IS
ITS RELATIVELY LOW PRICE. ONCE COUNTRY HAS LEVIED JAMAICAN STYLE
TAX BASED ON END PRODUCT,AN IMPOSED INCREASE IN ITS PRICE OF BAUXITE
WOULD SEEMINGLY WEAKEN THE RATIONALE FOR THE END PRODUCT LEVY ITSELF.
SUCH A COUNTRY MIGHT THEN BE DISINTERESTED IN A HIGH MINIMUM PRICE
WHILE ONE LIKE GUYANA WOULD CERTAINLY FAVOR A HIGH PRICE. PERHAPS
THERE IS MORE TRUTH IN OPENING ADDRESS THAN BURNHAM INTENDED WHEN
HE SAID IBA IS NOT RPT NOT CARTEL.

5. FINAL CONFERENCE COMMUNIQUE WILL FOLLOW SEPTTEL.

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